

## Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 RSC-01 ( ISO ) R

DRAFTED BY ARA/EP:SMPRINGLE  
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P 201801Z DEC 74

FM SECSTATE WASHDC

TO AMEMBASSY LIMA PRIORITY

UNCLAS STATE 278834

E.O. 11652: N/A

TAGS: PFOR, EFIN, BDIS, PE

SUBJECT: GREENE SETTLEMENT - U.S. PRESS TREATMENT

1. NO COVERAGE RE DISTRIBUTION GREENE SETTLEMENT PROCEEDS  
IN EITHER N.Y. TIMES OR WASHINGTON POST OF DEC. 20.

2. UNDER TITLE "EXXON PAID FOR PERU SEIZURE", DEC. 20 WALL  
STREET JOURNAL CARRIES FOLLOWING STORY:

QUOTE: DESPITE PERUVIAN OBJECTIONS, THE U.S. GOVERNMENT  
YESTERDAY COMPENSATED EXXON CORP. FOR PETROLEUM PROPERTIES  
SEIZED BY PERU IN 1968.

EXXON SAID A WHOLLY OWNED AFFILIATE, ESSO INTER-AMERICA INC.  
RECEIVED A DOLS 22 MILLION PAYMENT PLUS INTEREST OF MORE  
THAN DOLS 1.1 MILLION AS COMPENSATION FOR THE 1968 EXPRO-  
PRIATION OF INTERNATIONAL PETROLEUM CO., OR IPC, IN PERU.  
ESSO INTER-AMERICAN HELD 99.95 PERCENT OF IPC.

THE DOLS 22 MILLION IS PART OF THE DOLS 76 MILLION LUMP-SUM  
EXXON NOTED. "THIS LUMP SUM WAS IN SETTLEMENT OF PENDING  
CLAIMS FOR U.S.-OWNED PROPERTY EXPROPRIATED IN PERU," IT  
ADDED.

IN LIMA, MEANWHILE, PERUVIANS WERE CALLING ANY COMPENSATION  
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TO EXXON "UNACCEPTABLE." IN A NOTE TO THE U.S. EMBASSY, PERU'S FOREIGN MINISTRY SAID ANY PAYMENT TO EXXON "IMPLIES A DISTORTION OF THE SPIRIT AND LETTER OF THE AGREEMENT" WITH THE U.S.

PRESIDENT JUAN VELASCO'S REGIME TOOK OVER IPC IN OCTOBER 1968 AFTER OVERTHROWING THE GOVERNMENT OF PRESIDENT FERNANDO BELAUNDE TERRY. THE REGIME VALUED THE ASSETS AT DOLS 71 MILLION BUT CLAIMED THE COMPANY OWED THE GOVERNMENT DOLS 690 MILLION BECAUSE OF BACK TAXES AND "ILLEGAL EXPLOITATION" OVER 40 YEARS.

EXXON'S AFFILIATE, HOWEVER, VALUED IPC'S PROPERTIES AT THE TIME OF EXPROPRIATION AT DOLS 85 MILLION, WHICH EXXON WROTE OFF IN 1969.

"NATURALLY, WE WOULD HAVE PREFERRED A HIGHER SETTLEMENT," AN EXXON SPOKESMAN SAID YESTERDAY AFTER THE PAYMENT WAS RECEIVED, "BUT WE ARE SATISFIED THAT WE DID RECEIVE COMPENSATION FOR OUR PROPERTIES AND THAT SOME OF THE OTHER OUTSTANDING PROBLEMS WERE SETTLED."

EXXON INDICATED THAT THE MINORITY STOCKHOLDERS OF IPC WILL RECEIVE THEIR PROPORTIONATE SHARE OF THE SETTLEMENT. UNQUOTE. KISSINGER

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## Message Attributes

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**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, NATIONALIZATION, COMPENSATION, PETROLEUM INDUSTRY  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
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**Disposition Comment:**  
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**TAGS:** PFOR, EFIN, BDIS, PE, US, EXXON, WALL STREET JOURNAL, IPC  
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